

**LAKE HAVASU CITY, ARIZONA  
SINGLE AUDIT ACT REPORTS  
YEAR ENDED JUNE 30, 2025**



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council  
Lake Havasu City, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake Havasu City, Arizona, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Lake Havasu City, Arizona's basic financial statements, and have issued our report thereon dated December 29, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lake Havasu City, Arizona's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lake Havasu City, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of Lake Havasu City, Arizona's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

Honorable Mayor and City Council  
Lake Havasu City, Arizona

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lake Havasu City, Arizona's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Lake Havasu City, Arizona's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Lake Havasu City, Arizona's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Lake Havasu City, Arizona's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Tempe, Arizona  
December 29, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS AS REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and City Council  
Lake Havasu City, Arizona

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Lake Havasu City, Arizona's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-002, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Honorable Mayor and City Council  
Lake Havasu City, Arizona

**Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon, dated December 29, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Tempe, Arizona  
March 12, 2026



**LAKE HAVASU CITY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

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***Section II – Financial Statement Findings***

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**2025 – 001**

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

**Condition:** Through audit procedures the following material misstatements were identified: 1) In the prior year the city did not include the Second Bridge major fund in the investment earnings allocation and year end receivable accrual (impacts the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information). 2) The city did not accrue back the June trash services invoice in the Refuse proprietary fund in the prior year, and a material accrual adjustment was proposed by CLA for FY25.

**Criteria or specific requirement:** Internal controls over financial reporting should be in place to provide reasonable assurance that the financial statements are prepared in accordance with U.S. GAAP.

**Effect:** The lack of internal controls in place over financial reporting increases the risk of material misstatements occurring and not being detected and corrected.

**Cause:** Lack of internal controls to prevent and correct material misstatements in the financial statements.

**Repeat Finding:** No.

**Recommendation:** We recommend the City review the internal control processes and key controls over year-end closing and financial reporting.

**Views of responsible officials and planned corrective actions:** Management agrees with the finding.

**LAKE HAVASU CITY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

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***Section III – Federal Award Findings and Questioned Costs***

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**2025 – 002**

Federal Agency: U.S. Department of Treasury  
Federal Program Name: Coronavirus State and Local Fiscal Recovery Funds  
Assistance Listing Number: 21.027  
Federal Award Identification Number and Year: H79TI083313 - 2020  
Award Period: March 3, 2021 through December 31, 2026  
Type of Finding:

- Significant Deficiency in Internal Control over Compliance

**Criteria or specific requirement:** 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* requires compliance with the provisions of procurement, suspension, and debarment. Non-federal entities are prohibited from contracting with or making subawards under covered transactions that are suspended or debarred. Before entering into a covered transaction, the entity must verify that the contractor is not suspended, debarred, or otherwise excluded from participating in the transaction.

**Condition:** During our testing, we noted the City did not have adequate internal controls designed to ensure vendors were not suspended or debarred. The City did not retain documentation that the suspension and debarment status of contractors were verified prior to entering into the contract.

**Questioned costs:** None

**Context:** During our testing, it was noted that for one out of the five items the City successfully completed the suspension and debarment check as required by the uniform guidance. However, during the review, it was found that the city did not retain the documentation supporting the date when the check was performed.

**Cause:** The City's controls were not sufficient to ensure that contractors' suspension and debarment status was documented prior to entering into the contract.

**Effect:** The City could have entered into an agreement with a contractor that was suspended or debarred. Although the City was able to demonstrate that contracts were not entered into with vendors who were suspended or debarred, the absence of documentation performed prior to contract execution presents a risk of noncompliance with applicable procurement regulations.

**Repeat Finding:** No.

**Recommendation:** We recommend the City design controls to ensure an adequate review process is in place to review potential contractors to determine they are not suspended or debarred prior to entering into transactions with contractors.

**Views of responsible officials:** There is no disagreement with the audit finding.

**LAKE HAVASU CITY, ARIZONA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2025**

Federal Grantors/Pass-Through Grantors/Program or Cluster Title	Federal Assistance Listing Number	Federal Grant/ Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Transportation</b>				
Federal Transit Cluster:				
Federal Transit Formula Grants	20.507	AZ202101901	\$ 484,299	\$ -
Federal Transit Formula Grants	20.507	AZ202500501	191,938	-
Federal Transit Formula Grants	20.507	AZ202005600	16,331	-
Federal Transit Formula Grants	20.507	AZ202400202	34,258	-
Total Federal Transit Cluster - Assistance Listing Number 20.507			726,826	-
Passed Through Arizona Department of Transportation:				
Metropolitan Planning Funds	20.205	JPA-14-0004163-T	150,377	-
State Planning and Research Funds	20.205	JPA-14-0004163-T	123,855	-
Total Assistance Listing Number 20.205			274,232	-
FTA Section 5303 Funding	20.505	JPA-14-0004163-T	53,095	-
Surface Transportation Block	20.505	JPA-14-0004163-T	120,167	-
Total Assistance Listing Number 20.505			173,262	-
Passed Through Governor's Office of Highway Safety:				
Highway Safety Cluster:				
Traffic Enforcement Program	20.600	2024-PTS-031	13,641	-
Traffic Enforcement Program	20.600	2025-PTS-031	40,292	-
Accident Investigation	20.600	2025-AI-010	3,072	-
Emergency Medical Services Equipment	20.600	2025-EM-011	18,812	-
Total Assistance Listing Number 20.600			75,817	-
Passed Through Federal Aviation Administration:				
Airport Improvement Program	20.106	104015	73,360	-
Total Assistance Listing Number 20.106			73,360	-
Total U.S. Department of Transportation			1,323,497	-
<b>U.S. Department of Housing and Urban Development</b>				
Passed Through State of Arizona Department of Housing:				
Housing Rehabilitation Program - CDBG	14.228	104-24	333,475	-
Housing Rehabilitation Program - CDBG	14.228	M-25-SG04-0100	1,500	-
Total Assistance Listing Number 14.228			334,975	-
Total U.S. Department of Housing and Urban Development			334,975	-
<b>U.S. Department of Justice</b>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	P001-2011-0042421	47,833	-
Bulletproof Vest Partnership Program	16.607	N/A	11,854	-
Drug Court Discretionary Grant Program	16.585	15PBJA-21GG-04265-VTCX	83,423	-
Public Safety Partnership and Community Policing Grant	16.710	O-COPS-2023-171540	56,728	-
Passed Through State of Arizona Criminal Justice Commission:				
National Criminal History Improvement Program	16.554	NCHIP-23-25-007	29,156	-
Total U.S. Department of Justice			228,994	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**LAKE HAVASU CITY, ARIZONA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2025**

Federal Grantors/Pass-Through Grantors/Program or Cluster Title	Federal Assistance Listing Number	Federal Grant/ Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Treasury</b>				
Coronavirus State and Local Fiscal Recovery Funds (COVID-19)	21.027	N/A	\$ 1,943,982	\$ -
Passed Through State of Arizona:				
Coronavirus State and Local Fiscal Recovery Funds (COVID-19)	21.027	ISA-ARPA-WIFA-070122-01	687,820	-
Coronavirus State and Local Fiscal Recovery Funds (COVID-19)	21.027	ISA-ARPA-WFA-010122-01	623,457	-
Passed Through Arizona Department of Public Safety:				
Crime Victim Assistance	21.027	SLFRP1962	46,832	-
Crime Victim Assistance	21.027	ISA-ARPA-PS-050123-01	13,214	-
Passed Through Mohave County:				
Coronavirus State and Local Fiscal Recovery Funds (COVID-19)	21.027	Not Available	97,328	-
Total Assistance Listing Number 21.027			<u>3,412,633</u>	-
Total U.S. Department of Treasury			<u>3,412,633</u>	-
<b>U.S. Department of Homeland Security</b>				
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2021-FF-00558	1,408,543	-
Homeland Security Grant Program	97.067	EMW-2022-SS-00010	9,635	-
Homeland Security Grant Program	97.067	EMW-2024-SS-05080	44,219	-
Total Assistance Listing Number 97.067			<u>53,854</u>	-
Assistance to Firefighters Grant - COVID-19	97.044	EMW-2021-FG-03146	49,760	-
Passed Through Arizona Department of Emergency and Military Affairs:				
Assistance to Firefighters Grant - COVID-19	97.044	FEMA-4524-DR-AZ	45,646	-
Total Assistance Listing Number 97.044			<u>95,406</u>	-
Total U.S. Department of Homeland Security			<u>1,557,803</u>	-
Total Expenditures of Federal Awards			<u>\$ 6,857,902</u>	<u>\$ -</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2025**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Lake Havasu City, Arizona under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of Lake Havasu City, Arizona.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Lake Havasu City, Arizona has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



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